

RD AN No. 3791 (1980-D)
September 24, 2002

TO: State Directors
Rural Development

ATTENTION: Rural Housing Program Directors,
Guaranteed Rural Housing Specialists,
Rural Development Managers
and Community Development Managers

FROM: Arthur A. Garcia *(Signed by David J. Villano)* *for*
Administrator
Rural Housing Service

SUBJECT: Guaranteed Rural Housing (GRH) Loan Program
Correction of Date of Obligation, Increase of Obligation Amount
for the Current or Prior Fiscal Year, and Decrease of Obligation Amount
for the Current or Prior Fiscal Year

PURPOSE/INTENDED OUTCOME:

This AN provides guidance to GRH field staff on correcting the date of obligation for a guaranteed loan, and provides guidance on increasing or decreasing the amount of obligation for a GRH loan, including a loan obligated with prior fiscal year (FY) funds.

COMPARISON WITH PREVIOUS AN:

This revises and replaces RD AN No. 3674 (1980-D), "Guaranteed Rural Housing (GRH) Loan Program Correction of Date of Obligation, Increase of Obligation Amount for the Current or Prior Fiscal Year, and Decrease of Obligation Amount for the Current or Prior Fiscal Year," which expired August 31, 2002.

EXPIRATION DATE: September 30, 2003

FILING INSTRUCTIONS:
Preceding RD
Instruction 1980-D

BACKGROUND:

From time to time, the need arises to change the date of a GRH obligation of funds because the lender closed the GRH loan prior to the date of obligation or the obligation was accidentally deleted prior to the closing of the GRH loan. Additionally, a lender may have closed a loan for an amount higher than stated on the Conditional Commitment and higher than the amount obligated for the loan.

IMPLEMENTATION RESPONSIBILITIES:

Current Fiscal Year:

Should an obligation amount need to be increased or an obligation date changed for current fiscal year loans so the loan can be closed on the system, the field office must complete the process listed below:

1. De-obligate the entire loan, through the Guaranteed Loan Servicing (GLS) Web system, by inserting zero (0) in the loan amount of the Obligation screen. Press the "Submit to PLAS" button. Next, select the radio button "Do Not Withdraw. Return application to 'Approved' status." (This initiates a full 1D process in PLAS.)
2. Update the GRH Request for this borrower by increasing the Agency Approved Loan Amount on the application screen. (This step cannot be accomplished until the 1D process in step 1 has processed overnight. This step should only be completed if increasing the obligation amount.)
3. Re-approve the application by inserting the Approval Date on the GLS Application Screen.
4. Go to the obligation request and input the required data. Then, click "**APPLY CHANGES**" and *Print* the obligation request screen. The obligation request screen you print should have a Request Status of "ENTERED." **DO NOT "SUBMIT"** these changes to PLAS. Annotate the new obligation date on the screen print. Make sure the date you annotate is prior to the date the lender closed the loan.
5. Send a copy of the revised obligation request screen printed in step 4 that includes the date annotated on the screen, with a request to process the obligation to the Guaranteed Loan Branch, FC-350, St. Louis, Missouri, or by fax to (314) 539-3110. If you have questions, contact the Guaranteed Loan Branch servicing technician for your state at (314)539-6661.

In some situations, increasing the amount of the obligation during the current fiscal year does not require a date change because the lender has not yet closed the loan. In these cases, you can make the changes to the obligation, as listed in steps 1 through 4 above; however, click on the *Submit to PLAS* option instead of *Apply Changes*. Since the lender has not yet closed the loan, these obligations will still be dated prior to the date of the closing.

Prior Fiscal Year:

If there is a need to change the date of an obligation or increase the amount of an obligation with funds from a previous fiscal year, DO NOT update the obligation via the GLS Web system. All of these requests are to be submitted directly to the Guaranteed Loan Branch, FC-350, St. Louis, Missouri, or by fax to (314) 539-3110. Each request should also include an Obligation screen printed off the GLS Web system with the correct figures written on the screen. However, if the loan was obligated in FY 1999 or previous fiscal year, a Form RD 1940-3, "Request for Obligation of Funds Guaranteed Loan," must be completed and submitted with your request to the Guaranteed Loan Branch, St. Louis, Missouri.

All requests to increase the obligation amount for a GRH loan with prior fiscal year funds are subject to the availability of funds at the time of the request.

The Guaranteed Loan Branch will make the required obligation date correction and change in obligation amount.

Partial and Full De-Obligation of Loans:

For loans requiring a partial amount or the full amount of the loan to be de-obligated, the de-obligation can be accomplished using the GLS Web system providing the loan was obligated through the GLS Web system (all FY 2000 or later loans). If only a partial de-obligation of the GRH loan is necessary, field staff can complete a partial de-obligation by decreasing the loan amount on the GLS obligation screen to the lower loan amount. The system will automatically initiate a partial 1D de-obligation. For full de-obligations, change the loan amount on the GLS obligation screen to zero (0). The system will automatically initiate a full 1D de-obligation. You will then have to indicate if the loan should be withdrawn or should not be withdrawn and returned to "Approved Status." For loans obligated in FY 1999 or prior years, the de-obligation must be processed through the Automated Discrepancy Processing System (ADPS) using the 1D transaction.

Note: De-obligations of less than ten dollars (\$10) must be processed like an increase in the obligation amount.

Questions pertaining to this AN can be directed to Dean Daetwyler of the Single Family Housing Guaranteed Loan Division at (202) 690-0514 or the Guaranteed Loan Branch at (314) 539-6661.